

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LAUREL	)	CASE NO.
COUNTY WATER DISTRICT NO. 2 FOR AN	)	2021-00385
ALTERNATIVE RATE ADJUSTMENT	)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION  
TO LAUREL COUNTY WATER DISTRICT NO. 2

Laurel County Water District No. 2 (Laurel District No. 2), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on May 6, 2022. The Commission directs Laurel District No. 2 to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Laurel District No. 2 shall make timely amendment to any prior response if Laurel District No. 2 obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Laurel District No. 2 fails or refuses to furnish all or part of the requested information, Laurel District No. 2 shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Laurel District No. 2 shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Laurel District No. 2's responses to Commission Staff's First Request for Information (filed March 11, 2022) (Commission Staff's First Request), Item 6.a. and Item 6.d. Also refer to Commission Staff's Second Request for Information (filed April 7, 2022) (Commission Staff's Second Request), Item 2.

a. In its response to Item 6.d., Laurel District No. 2 explained that the cost of installing new meters is identified on employee time sheets. Given that Laurel District No. 2's employee time sheets identifies the payroll for installing new meters in

Account Number 00101-3344, explain in detail why Laurel District No. 2 is unable to track the hours capitalized for meter installations by employee.

b. Provide the labor and materials costs Laurel District No. 2 capitalized for the 74 new meter connections installed in calendar year 2020.

c. Provide documentation to support Laurel District No. 2's capitalized costs identified in 1.b.

2. Refer to Laurel District No. 2's responses to Commission Staff's Second Request, Item 4.a.

a. Confirm that Laurel District No. 2 is only providing life insurance coverage to two members of its Board of Commissioners. If not, explain.

b. Confirm that the life insurance benefit provided to the members of Laurel District No. 2's Board of Commissioners was authorized by the Board of Commissioners and not the Fiscal Court. If not, explain.

c. Confirm that the Febco card (HRA debit card) benefit provided to the members of Laurel District No. 2's Board of Commissioners was authorized by the Board of Commissioners and not the Fiscal Court. If not, explain.

3. Refer to Laurel District No. 2's responses to Commission Staff's Second Request, Item 4.d. Confirm that health insurance coverage is not currently being provided to any of the members of Laurel District No. 2's Board of Commissioners. If not, explain.

4. Provide copies of the 1099's or W2's that Laurel District No. 2 issued to the members of its Board of Commissioners in calendar years 2018, 2019, 2020, and 2021.

5. a. Explain whether Laurel District No. 2 qualifies as a tax-exempt organization under Internal Revenue Code (IRC) 501(c)(3).

b. If the response to Item 2.a. is that IRC 501(c)(3) is not applicable, explain whether Laurel District No. 2 is a tax-exempt organization for federal and state income tax purposes and how it qualifies as an exempt organization.

6. Provide Laurel District No. 2's position regarding the following Internal Revenue Service statement on the payment of fees/salaries to members of a governing board of a tax-exempt organization.

Directors of a corporation - members of the governing board - are defined by statute as non-employees. If an exempt organization pays its board members to attend board meetings or otherwise compensates them for performing their duties as directors, the organization should treat them as independent contractors. (The director fee is reported on Form 1099-NEC.) This is the most common type of statutory non-employee that may be involved in an exempt organization.<sup>2</sup>

7. Refer to Laurel District No. 2's responses to Commission Staff's Second Request, Item 1, Excel Workbook:

Exhibit\_Q.1.a.\_\_Audited\_G\_L\_%282020%29\_Staff\_Request\_2.xls. For each expenditure listed in the table below, provide the following: a detailed description of the expenditure; identify if any of the expenditure has been capitalized; and copies of all invoices or work orders related to that expenditure.

	Account No.	Transaction Date	Vendor	Amount
a.	00620-0004	07/31/20	253 26012 Liquid Engineering Corpo	\$ 2,450.00
b.	00620-0004	10/31/20	09 26216 Micro-Comm	\$ 5,350.00
c.	00620-0004	12/31/20	334 26303 Eco-Tech USA, LLC	\$ 900.00
d.	00620-0004	12/31/20	19 26320 Lykins Oil Company, Inc	\$ 2,547.17
e.	00620-0004	12/31/20	281 26316 Nixon Power Services, Co	\$ 3,606.75
f.	00620-0006	04/30/20	325 25843 Stotts Construction Co.,	\$ 5,000.00

<sup>2</sup> Exempt Organizations: Who Is a Statutory Non-Employee? | Internal Revenue Service (irs.gov).



Linda C. Bridwell, PE  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED APR 20 2022

cc: Parties of Record

Case No. 2021-00385

\*Kenneth Fisher  
Laurel County Water District #2  
3910 South Laurel Road  
London, KY 40744

\*Laurel County Water District #2  
3910 South Laurel Road  
London, KY 40744

\*Wanda Smith  
Office Manager/Accountant  
Laurel County Water District #2  
3910 South Laurel Road  
London, KY 40744